

**Newfoundland and Labrador
Board of Commissioners of Public Utilities**

ANNUAL REPORT

Year ending March 31, 2025

Available in alternate formats. Please contact the Public Utilities Board:

Phone: 1.866.782.0006

Email: board@pub.nl.ca

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Message From the Chair

I am pleased to report on the achievements and annual performance of the Board of Commissioners of Public Utilities (the “Board”) for the fiscal year from April 1, 2024 to March 31, 2025 as required under the **Transparency and Accountability Act**. On behalf of the Board, I am accountable for the results as outlined in the report.

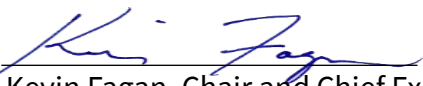
The achievements this past year reflected a focus on regulatory efficiency which contributed to the release of Board decisions and reports on several major filings including: the General Rate Application for Newfoundland Power; the petroleum pricing reports for the Island and Labrador; the application by Newfoundland and Labrador Hydro (“Hydro”) for approval of new regional diesel generating facility to serve Labrador South; and the annual capital budget applications for Hydro and Newfoundland Power. A revised regulatory process to deal with Hydro’s Reliability and Resource Adequacy plan was developed which featured a series of technical conferences among stakeholders in advance of the request for information process. This revised process has contributed to achieving a settlement agreement. The settlement agreement was provided as support for Hydro’s 2025 Build Application. The Board also introduced decision summaries in its Board orders to improve its communications. This enhancement has contributed to clearer and more accurate media coverage of Board decisions.

The 2025 Build Application filed on March 21, 2025 requests approval of approximately \$2.0 billion in capital expenditures to add 300 MW of new capacity to the Island Interconnected System. The Board is currently reviewing the application to establish a thorough and efficient regulatory process recognizing the timelines when the additional capacity is required to be available to serve customers.

During the past year, the Board completed the Petroleum Products Pricing Review (the “Review”), as directed by Government in June 2022. The Review included an extensive consultation process with industry, consumers and community groups. Separate final reports were prepared for the Island and Labrador and submitted to Government. Implementation of changes within the Board’s authority will be completed in April 2025. The Review final reports also identified two potential changes to the Petroleum Products Regulations for the consideration of Government.

With respect to its regulation of automobile insurance, rate filing volume was high as the Board issued 69 orders during the reporting period. Rate levels to consumers remained stable. For private passenger automobile business, which represents approximately 80 percent of the entire market, the overall average rate level change approved across all filing types was approximately +2 percent. From a regulatory efficiency perspective, the average time between the receipt of rate applications and the Board’s decisions was 67 days with all decisions issued within the legislated time period of 180 days.

I commend the Vice-Chair, the Commissioners and Board staff for their contributions in completing several major filings during this very busy year.



Kevin Fagan, Chair and Chief Executive Officer

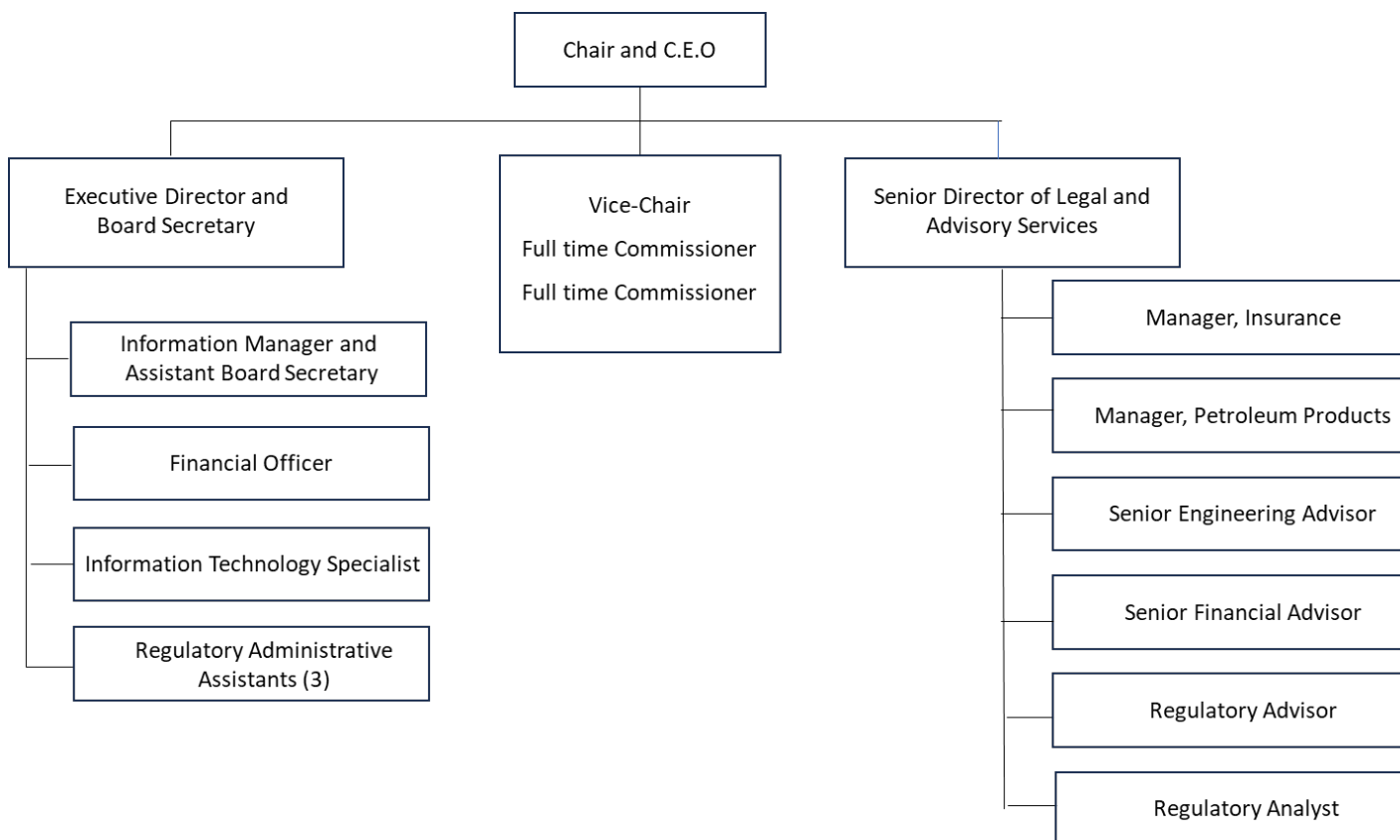
Overview

Organization

The Board is an independent, quasi-judicial regulatory body constituted under the **Public Utilities Act** created by statute in 1949. The Board is composed of four full-time Commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice-Chair. The **Public Utilities Act** gives the Chair and Chief Executive Officer the full authority for the operation, management and financial administration of the Board and the Vice-Chair the authority to exercise the powers of the Chair in their absence. The Board has a professional staff of 14 excluding Commissioners.

The Senior Director of Legal and Advisory Services oversees the Board's regulatory mandate and has responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial and technical reviews and public enquiries. The Executive Director and Board Secretary is responsible for corporate services including finance, communications, media, stakeholder relations, records management, information technology and human resources.

Figure 1
Board of Commissioners of Public Utilities
Organizational Chart
at March 31, 2025¹



¹ The Current Commissioners are Kevin Fagan, Chair and CEO, Dwanda Newman, Vice-Chair, John O'Brien, Commissioner, Christopher Pike, Commissioner.

Mandate and Lines of Business

The Board is responsible for the regulation of electric utilities in the province to ensure that the rates charged are just and reasonable, service provided is safe and reliable and adequate planning occurs for future power supply for the province. The Board is also responsible for the supervision of rates charged by automobile insurers in the province. Since 2004, the Board has been responsible for petroleum products pricing in the province. The Board also has limited responsibilities with respect to the motor carrier industry and setting compensation under the **Expropriation Act**. The Board's jurisdiction is defined by the following legislation:

- i) **Public Utilities Act**
- ii) **Electrical Power Control Act, 1994**
- iii) **Petroleum Products Act**
- iv) **Automobile Insurance Act**
- v) **Insurance Companies Act**
- vi) **Motor Carrier Act**
- vii) **Expropriation Act**
- viii) **Public Utilities Acquisition of Lands Act**

These statutes fall under the responsibility of various departments of Government, including the Departments of Justice and Public Safety, Digital Government and Service NL (now Government Modernization and Service Delivery) and Industry, Energy and Technology.

In fulfilling its regulatory responsibilities, the Board conducts public hearings (in-person or paper), technical conferences, stakeholder meetings, compliance monitoring, audits, technical/financial reviews and investigations. Hearings held by the Board in the discharge of its mandate are quasi-judicial in nature and are conducted in accordance with the provisions of the **Public Utilities Act**, **Public Inquiries Act** and **Board of Commissioners of Public Utilities Regulations, 1996**. Orders issued by the Board have the force of law and can only be appealed to the Supreme Court of Newfoundland or the Court of Appeal.

Vision

The vision of the Board is excellence in regulation which engenders the trust and confidence of the people of the province.

Key Statistics

The Board's work is diverse and has broad implications for most residents of Newfoundland and Labrador including:

- regulating and overseeing Hydro and Newfoundland Power, with a combined customer base of approximately 316,000 residential and general service customers, 6 industrial customers and 2 Labrador Transmission customers;
- regulating automobile insurance rates, risk classification systems and underwriting guidelines for insurance companies operating in the province, with total direct premiums written of approximately \$532 million;

- setting maximum prices for regulated petroleum products sold in the province; and
- administering ambulance certificates and bus service certificates.

Financial Information

The Board's total expenditures for 2024-25 were \$5,744,719. The increased expenditures relative to the previous year were due to an increase in hearing costs.

The comparative expenditures for the most recent five years are shown below:

Table 1
Expenditures, Year End-March 31

	2021	2022	2023	2024	2025
General Operating costs ²	\$3,090,117	\$2,549,690	\$3,063,997	\$3,482,385	\$3,349,628
Hearings: Board	\$1,157,858	\$781,145	\$509,512	\$648,811	\$1,695,204
Hearings: Consumer Advocate	\$261,893	\$679,000	\$254,158	\$459,777	\$699,887
Hearings – Total	\$1,419,751	\$1,460,145	\$763,670	\$1,108,588	\$2,395,091
Total Expenditures	\$4,506,868	\$4,009,835	\$3,827,667	\$4,590,973	\$5,744,719

The Board is funded through assessments charged to regulated industries/companies and on a cost recovery basis from applicants and/or parties involved in specific proceedings and/or investigations. In accordance with Sections 13 and 14 of the **Public Utilities Act**, the Board levies an annual assessment to regulated entities to cover its estimated general operating expenses for that year. Assessments to each regulated industry/company vary depending on the actual allocation of work performed by the Board in the year. For 2024-25 the Board assessed 56.7 percent of its annual operating budget to electrical utilities, 26.6 percent to automobile insurance companies and 16.6 percent to the petroleum products industry.

Hearings and investigations are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. Section 90 of the **Public Utilities Act** details the costs which may be recovered incidental to a matter. During 2024-25 the Board's accumulated hearing costs totaled \$2,395,091.³

² For purposes of budgeting, the Board includes its actuarial consulting costs incurred in regulating automobile insurance as a component of its general operating costs.

³ Further details regarding the Board's recoverable costs can be found the Board's Financial Statements (Appendix 1).

Highlights and Partnerships

The Board's primary focus is to ensure that it effectively and efficiently responds to matters which arise in the context of its regulatory mandate. During 2024-25 the Board issued 34 orders under the **Public Utilities Act**, 69 orders under the **Automobile Insurance Act**, 70 orders under the **Petroleum Products Act**, and 0 orders under the **Motor Carrier Act**. A complete list of these orders can be found on the Board's website (www.pub.nl.ca). Highlights for 2024-25 follow.

Public Utility Regulation

During 2024-25 the Board issued 34 orders as part of its public utility regulation mandate related to the following:⁴

- 12 Capital Budget and Supplementals;
- 11 Rates, General Rate Applications, Rate of Return on Rate Base;
- 4 Deferrals, Accounts, and Reserves;
- 3 Rules and regulations (Service Agreement);
- 1 Contribution in Aid of Construction;
- 1 Essential Employees Determination;
- 1 Abandonment of Works or Service; and
- 1 Credit Facility Issue.

The Board's supervision of the utilities also included monitoring of various aspects of utility operations and the review of compliance filings throughout the year. The most noteworthy matters that were brought before the Board during 2024-25 are summarized below.

Customer Rates

The Board approved Hydro's application for August 1, 2024 Utility Rate adjustments and the associated flow through rate adjustments for other customers of Hydro and Newfoundland Power.⁵ To limit the customer rate impacts, the Board also directed Newfoundland Power to reduce the proposed average rate increase from 9.3 percent to 7.0 percent with the unrecovered approved costs to be considered for recovery in July 1, 2025 customer rates.⁶ The Board's decision was intended to reduce concerns in relation to rate shock and contribute to rate stability while providing Newfoundland Power with timely recovery of prudently incurred costs. The revised August 1, 2024 customer rates also reflected the Government's rate mitigation plan that directed that residential customer rate increases, attributable to Hydro's cost increases, shall be targeted at 2.25% per year up to and including 2030.

The Board also approved Hydro's applications for the July 1, 2024 Conservation, Demand Management rate adjustments and January 1, 2025 rate adjustments for the Island Industrial

⁴ Orders are available on the Board's website at http://www.pub.nl.ca/PU_orders2023.php

⁵ Orders P.U. 15(2024), P.U. 18(2024), and P.U. 19(2023).

⁶ Orders P.U. 16(2024) and P.U. 4(2024) respectively.

Customers.⁷ There was minimal customer rate impacts from these rate adjustments. Implementation of annual rate changes for Island Industrial Customers in accordance with the rate mitigation plan will commence July 1, 2025.

The Board did not approve Newfoundland Power's proposed 1.5 percent customer rate increase to enable an increased rate of return on rate base for 2024. The Board approved a lower rate of return on rate base for 2024 than was proposed by Newfoundland Power. The additional earnings required to provide Newfoundland Power the opportunity to earn the approved 2024 rate of return on rate base was dealt with through the use of 2023 excess earnings (which had been deferred for future disposition) with the remaining shortfall deferred for future recovery.⁸

The Board released its decision on Newfoundland Power's 2025-2026 General Rate Application. The Board did not accept the proposed rate of return on equity of 9.85 percent and approved a rate of return on equity of 8.6 percent. The Board directed Newfoundland Power to reduce its operating costs by \$2 million to encourage better cost management. Newfoundland Power was also instructed to exclude costs related to short-term bonuses for Executives and Directors. The Board did not accept the proposed average customer rate increase of 10.6 percent.⁹ Customer rate impacts reflecting the Board decision will be provided in Newfoundland Power's compliance filing expected to be implemented on July 1, 2025.

Capital Approvals

The Board approved the 2025 annual capital budgets for Newfoundland Power in the amount of \$128.0 million and Hydro in the amount of \$135.7 million.¹⁰ The Board also approved supplemental capital applications filed by Hydro which included a \$15.3 million increase in the previously approved capital expenditure required for the refurbishment of Penstock 1 at the Bay d'Espoir Hydroelectric Generating Facility (i.e., from \$50.6 million to \$65.9 million) and a \$4.8 million increase in the previously approved capital expenditure for a generator step-up transformer (i.e., from \$7.5 million to \$12.3 million).

The Board did not approve Hydro's application for \$110.9 million to construct a new regional diesel generating station and an interconnection of four communities in Southern Labrador. The Board found that Hydro failed to demonstrate that the proposed project would result in power being delivered to customers at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service. The Board directed Hydro take immediate steps to find solutions to ensure access to safe and reliable power for the communities of Charlottetown and Pinsent's Arm.¹¹

⁷ Orders P.U. 17(2024)

⁸ Order No. P.U. 20(2024).

⁹ Order No. P.U. 3(2025).

¹⁰ In the decisions, the Board also approved Newfoundland Power's 2023 average rate base and Hydro's 2023 average rate base.

¹¹ Order No. P.U. 12(2025).

The Board approved \$3.4 million in supplemental capital expenditures to upgrade generation requirements on an isolated system served by diesel generation. The additional generation capacity was required due to increased electric heating load in a community health facility.

The Board will continue to use provisional Capital Budget Application Guidelines for the 2026 Capital Budget Applications and supplemental Capital Budget Applications which will be filed during the next fiscal year. The Board will finalize these guidelines after further review.

Reliability and Resource Adequacy

The Board's review of Hydro's Reliability and Resource Adequacy study initially filed in November 2018 continued during 2024-25. A revised regulatory process to deal with Hydro's Reliability and Resource Adequacy plan was developed which featured a series of technical conferences among stakeholders in advance of the request for information process. This revised process contributed to achieving a settlement agreement which was provided as support for Hydro's 2025 Build Application.

This 2025 Build Application requests approval of approximately \$2.0 billion in capital expenditures to add 300 MW of new capacity to the Island Interconnected System. The Board is currently reviewing the application to establish a thorough and efficient regulatory process recognizing the timelines when the additional capacity is required to be available to serve customers.

The Board has continued to receive regular monitoring reports from Hydro on the status of integrating the Muskrat Falls Project with the Island Interconnected System, including the status of the Labrador-Island Link. Ensuring reliability and resource adequacy in the province will continue to be an active role for the Board beyond the 2025 Build Application.

Number of Essential Employees

During the negotiation process between Newfoundland Power and the International Brotherhood of Electrical Workers (Local 1620), the Board was requested to determine the number of essential employees in case of a strike or lockout. The Board is required by legislation to decide on such a request when the utility and employees bargaining unit are unable to agree on the number of essential employees. The Board's decision was released in 2025; this was the first time the Board determined essential employees' requirements as all previous essential employee applications were withdrawn after the parties were successful in negotiating revised compensation agreements.

Automobile Insurance Regulation

The **Automobile Insurance Act** and the **Insurance Companies Act** provide the Board with specific statutory responsibilities with respect to regulation of the automobile insurance industry including the general supervision of rates, risk classification systems and underwriting guidelines.

Automobile insurers are required to file new rates with the Board at least once every three years for each type of vehicle written and the Board must determine if the proposed rates are just and reasonable, among other considerations, based on:

- the insurer's projected loss experience;
- the insurer's expenses and investment income;
- financial and other information that directly or indirectly affects rates; and
- any other information as determined by the Board.

Rate Decisions

The Board reviews rate filings from automobile insurance companies and can approve, deny or vary the rating program changes proposed. Board staff, in consultation with its consulting actuaries, review each filing to ensure that requested changes are supported in accordance with the Board's filing guidelines and applicable legislative requirements. Once a filing review is deemed complete, the Board will convene a panel and issue a written decision.

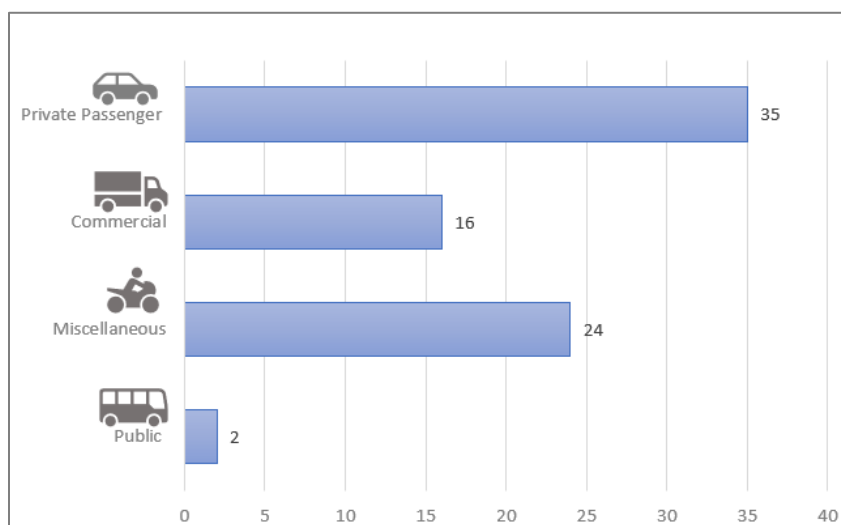
In 2024-25, the Board received 77 filings summarized as follows:¹²

- 54 mandatory rate filings made in accordance with the statutory 3-year timeline,
- 22 optional rate filings for minor changes between mandatory filings, and
- 1 optional rate filings in accordance with the statutory expedited approval option.

A breakdown of rate filing volume by vehicle type is provided in Figure 2 below:

¹² The Board issued 69 orders during the period. The number of Board orders issued does not match the number of filings received as some orders were issued after the March 31, 2025 cut-off for this report.

Figure 2
Rate Filings by Vehicle Type – 2024-25



Rates remained stable throughout the year as approximately 87 percent of all filings approved included an overall average rate level change of +3 percent or less. For private passenger automobile business, which represents approximately 80 percent of the entire market, the overall average rate level change approved by the Board across all filing types was approximately +2 percent.

The average turnaround time for filing decision was 67 days, which in all cases was within the Board's legislated time period of 180 days.¹³

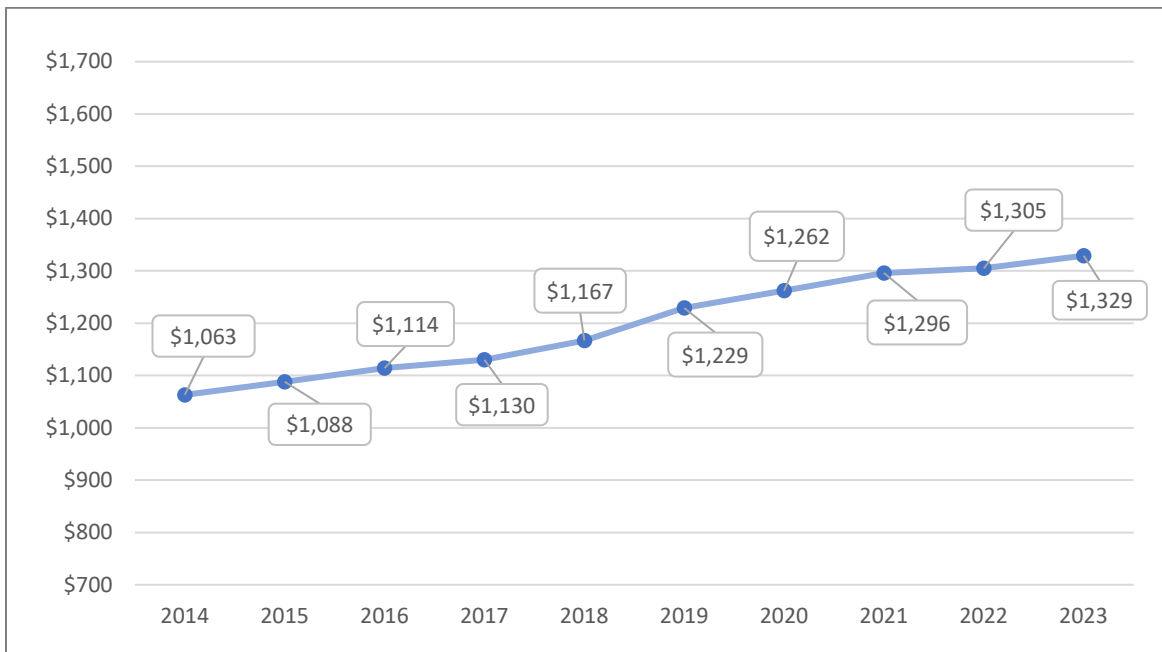
Details regarding the specific changes included in each rate filing can be found on the Board's website by reviewing the applicable Board orders.

Private Passenger Premiums

The average private passenger premium level in 2023 was \$1,329, an increase of 1.8 percent from the 2022 average of \$1,305. Figure 3 below shows that average private passenger premium levels have been fairly stable, increasing at a rate of approximately 2.5 percent annually over the last 10 years and 1.7 percent annually over the last 3 years.

¹³ Section 10 of NLR 56/19 states that the Board shall approve, deny or vary a filing within 90 days and may extend the review period a maximum of 90 additional days when required to do so (i.e. 180 days total).

Figure 3
NL Total Average Written Premium - Private Passenger Automobiles



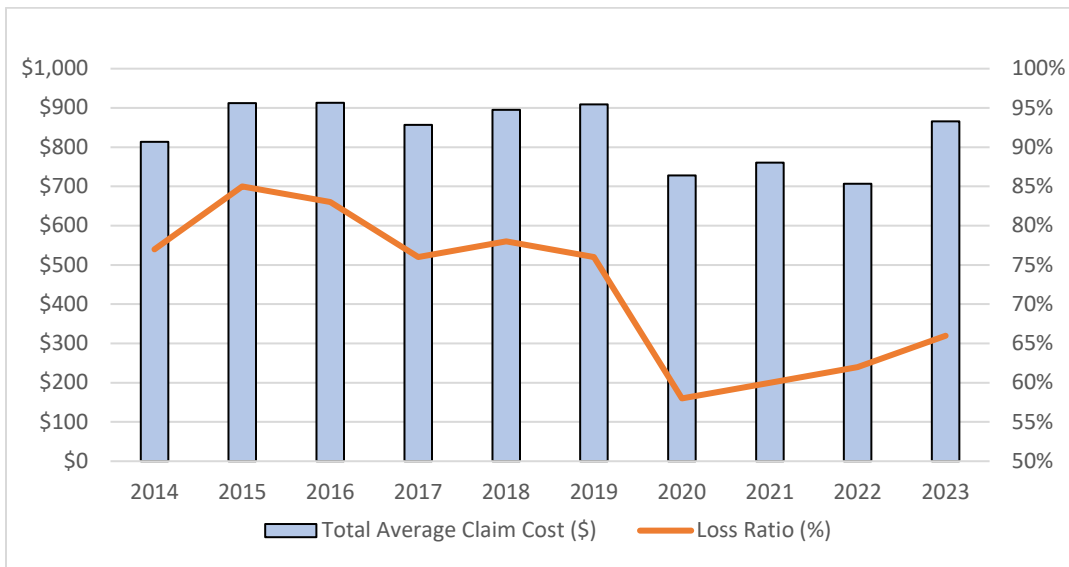
Private Passenger Claims

The total average private passenger claim cost increased to \$866 in 2023, mainly due to the impacts of high inflation on optional physical damage coverages. Figure 4 below shows that claims costs have been lower than usual in recent years due to the impacts of the COVID-19 pandemic, including the reduction in commuting traffic and lower claims frequency associated with “stay-at-home” orders.

The total industry loss ratio, which compares claims to premiums, increased to 66 percent in 2023. While this is slightly higher than the recent results experienced during the COVID-19 pandemic, it is still lower than the pre-pandemic figures of 78 percent and 76 percent reported in 2018 and 2019, respectively.

Figure 4

NL Total Average Claims Costs and Loss Ratios - Private Passenger Automobiles

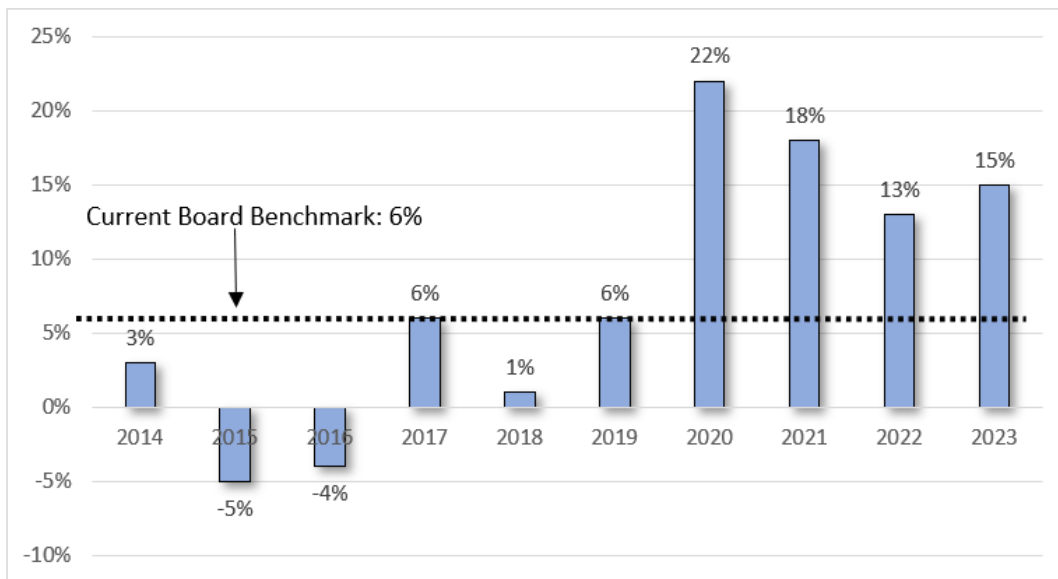


Private Passenger Profit Levels

The Board conducts an annual review of the financial profitability of private passenger automobile insurance business in the province which consists of a hindsight analysis of aggregated industry data. A summary of the private passenger profit levels through December 31, 2023 expressed as a percentage of premium is presented in Figure 5 below.

Figure 5

Estimated Profit Levels as a Percentage of Premium - Private Passenger Automobiles



It is noted that the above profit levels are estimates based on a number of assumptions and judgments. The results for the most recent accident years of 2022 and 2023 remain particularly uncertain as many claims are still open and developing. Profit levels for these years are expected to decrease over time as claims close.

The higher profit levels observed in 2020 and 2021 were primarily the result of a decline in traffic levels and claim volumes experienced during the COVID-19 pandemic. This resulted in actual losses being much lower than forecasted by the models used to set rates.

Although recent profit levels have been higher than normal, the long-term results over a 10-year period show that the private passenger industry as a whole was unable to achieve the Board's benchmark profit provision of 6 percent in four of the ten years reviewed, and that the industry incurred overall losses in 2015 and 2016.

The Board plans to conduct a further review of private passenger industry profit levels when new data is released and regularly reviews its filing guidelines and profit provision benchmarks to ensure they continue to be in accordance with best practices.

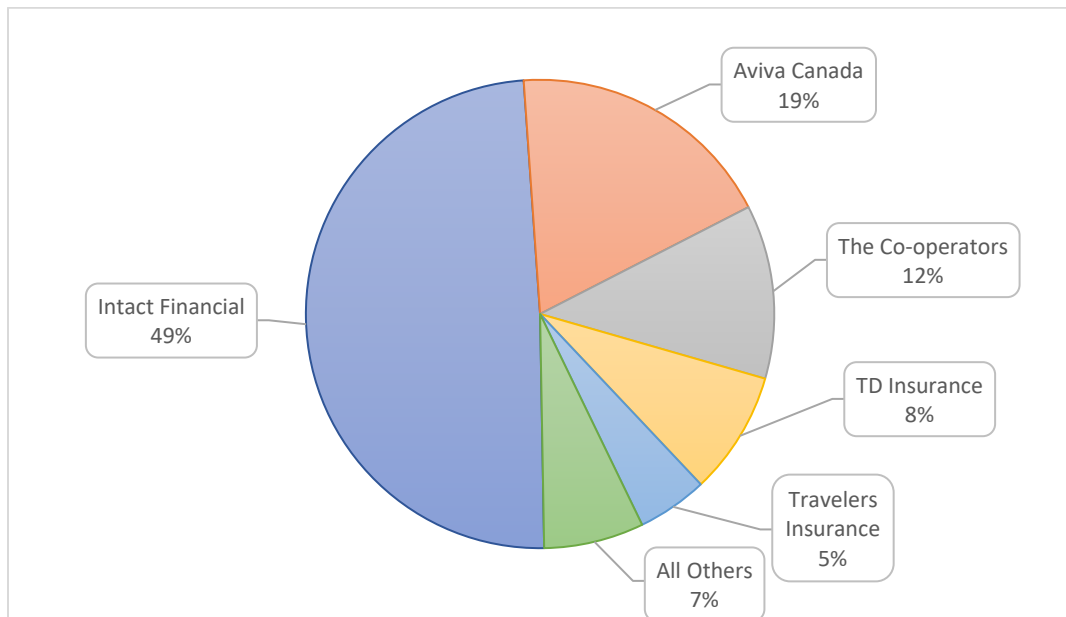
Marketplace Changes

Based on data from the Office of the Superintendent of Financial Institutions, the total automobile insurance market in the province was \$532 million for all vehicle types combined in 2023. This is an increase of approximately 3.9 percent compared to the 2022 written premium total of \$512 million.

The number of available options for consumers has dropped in recent years with only 40 automobile insurers reporting written premiums in 2023. This is a decrease from 58 insurers in the early 2000s and 49 insurers as recent as 2015. Market consolidation due to mergers and acquisitions is the primary reason for the drop in available insurers.

The market shows a high level of concentration with 10 insurers writing approximately 89 percent of all automobile insurance business in the province. When common ownership among companies is considered, there are five insurer groups writing approximately 93 percent of all business. Figure 6 below shows a breakdown of the top insurer groups by market share.

Figure 6
NL Auto Insurance Groups by Market Share



Petroleum Products Pricing Regulation

Price Adjustment Information

For the period April 1, 2024 to March 31, 2025 there were a total of 53 maximum price adjustments for gasoline and diesel motor fuels, one of which was an extraordinary maximum price adjustment to reflect a change in the Federal Fuel Charge (Carbon Tax) applicable to motor fuels.¹⁴ There were a total of 52 maximum price adjustments for heating fuels, none of which were extraordinary maximum price adjustments.¹⁵

A summary of the regular weekly maximum price adjustments and the extraordinary maximum price adjustments are provided in the tables below:¹⁶

¹⁴ An extraordinary adjustment of maximum prices outside of the scheduled weekly adjustments occurs when the Board determines that it is necessary to change maximum prices to provide for the recovery of the costs of supply and to ensure that consumers do not pay more than necessary to provide for recovery of these costs.

¹⁵ The Board ceased setting stove oil heating fuel maximum prices for the Island portion of the Province on February 6, 2025 following the Petroleum Products Pricing Review. Therefore, there were only 44 regular weekly price adjustments for stove oil heating fuel in Zone 1ANE from April 1, 2024 to March 31, 2025.

¹⁶ Directional changes and ranges of maximum prices noted in the table are for the base zone for each regulated petroleum product (i.e., Zone 1 for gasoline and diesel motor fuels, Zone 1ANE for furnace oil and stove oil heating fuels, and Zone 2 for propane heating fuel). The maximum price changes may vary for other pricing zones.

Table 3
Summary of Regular Weekly Maximum Price Adjustments
April 1, 2024 to March 31, 2025

Fuel Product	Change in Maximum Price	Maximum Price Range (cents per litre)
Gasoline Motor Fuel (Zone 1)	28 Increases, 23 Decreases, 1 No Change	159.5 – 193.9
Diesel Motor Fuel (Zone 1)	24 Increases, 28 Decreases	164.8 – 202.5
Furnace Oil Heating Fuel (Zone 1ANE)	25 Increases, 27 Decreases	101.66 – 134.44
Stove Oil Heating Fuel (Zone 1ANE)	19 Increases, 25 Decreases	106.67 – 131.89
Propane Heating Fuel (Zone 2)	25 Increases, 26 Decreases, 1 No Change	97.0 – 123.3

Table 4
Summary of Extraordinary Maximum Price Adjustments
April 1, 2024 to March 31, 2025

Fuel Product	Change in Maximum Price
Gasoline Motor Fuel	1 Increase
Diesel Motor Fuel	1 Increase

It is also notable that the number of extraordinary price adjustments materially decreased to 1 in 2024-25 from 7 in 2023-24 and from the 49 that occurred during the 2022-23 fiscal year. This reflects less volatility in the commodity markets for 2024-25.

Maximum prices for regulated motor fuels and heating fuels are plotted in Figures 7 and 8.

Figure 7

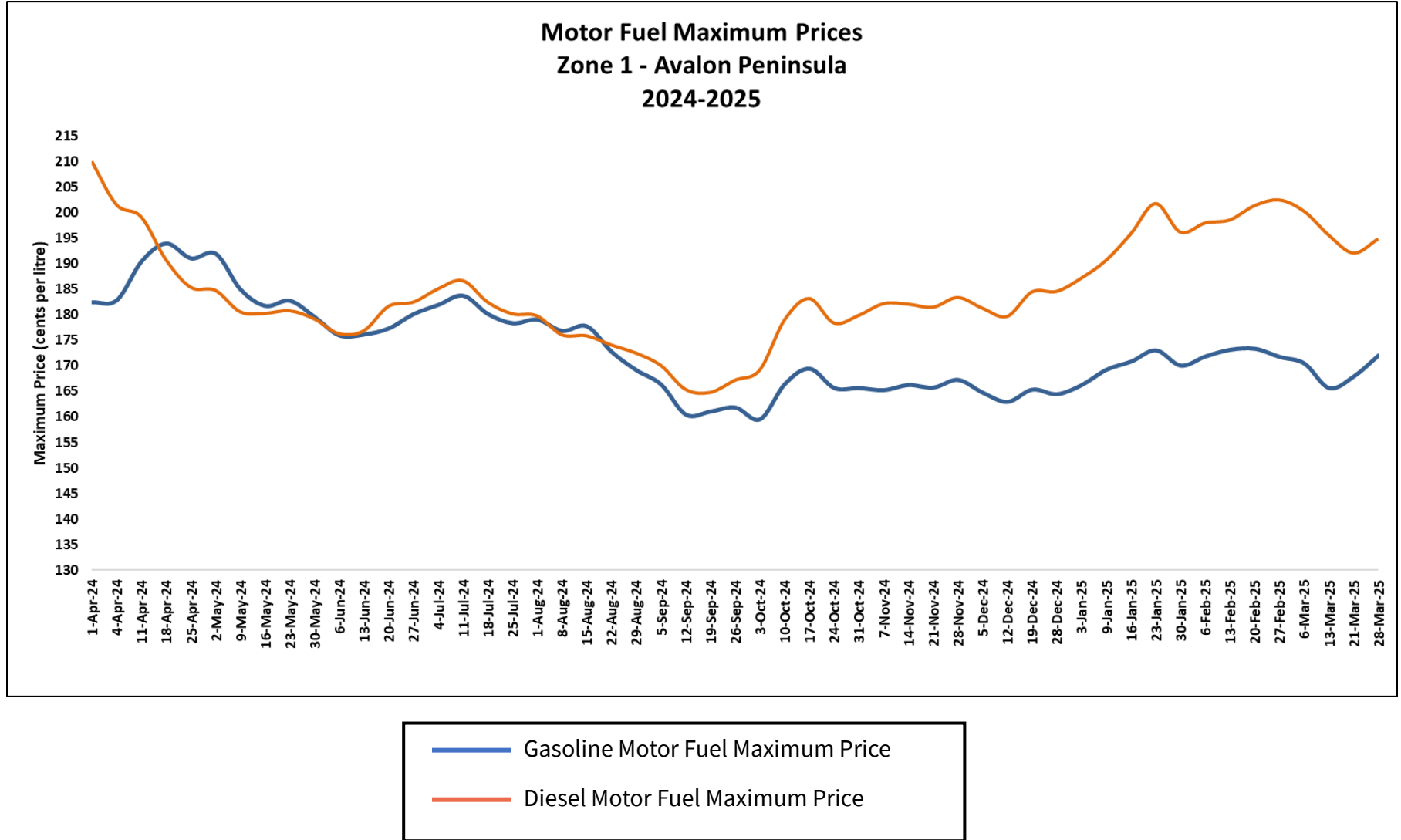
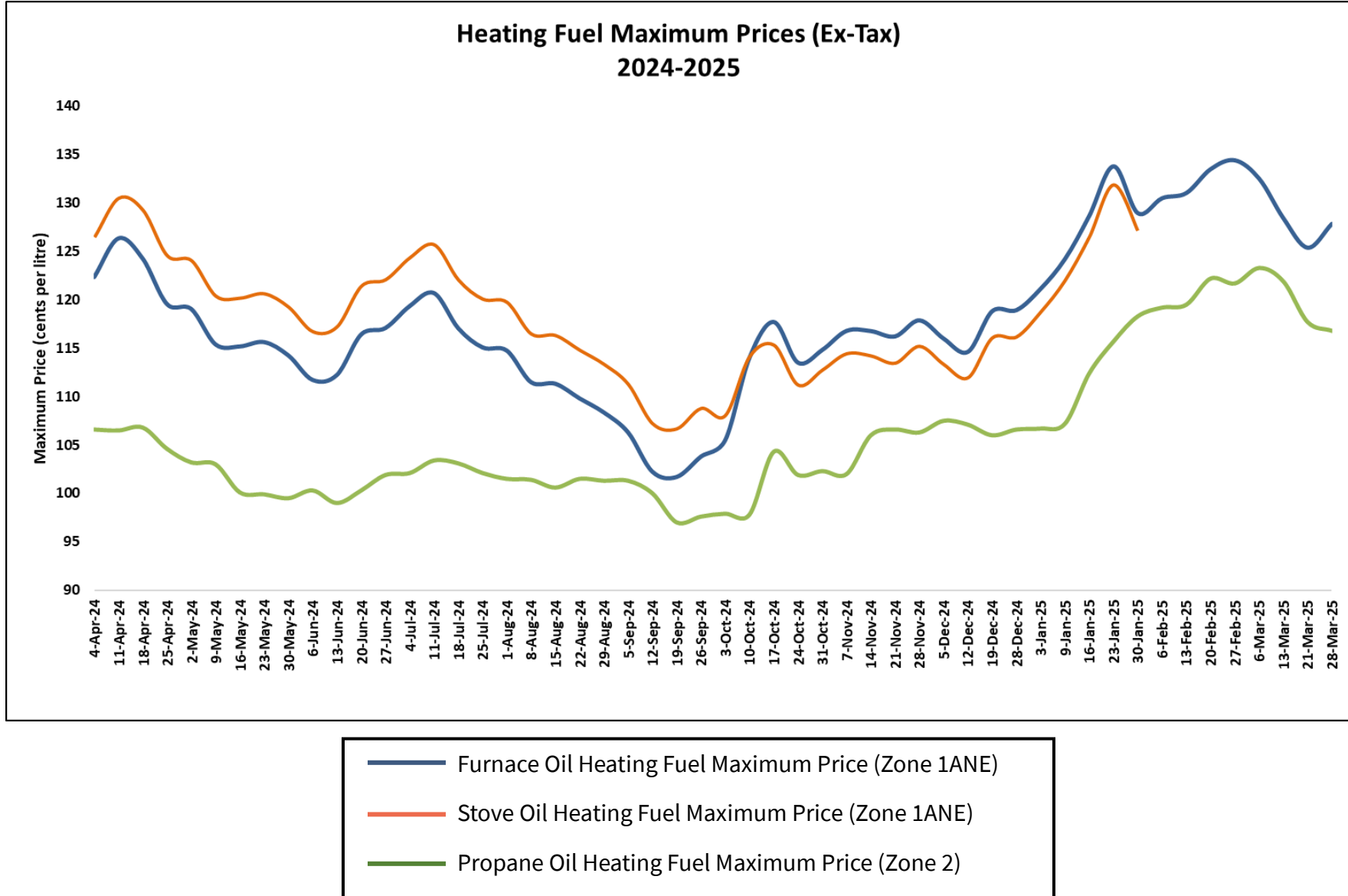


Figure 8



Changes to Taxation Applicable to Regulated Petroleum Products

Effective July 1, 2023 the Government of Canada mandated provinces to update carbon tax rates and remove exemptions to align with federally imposed changes. As a result, Federal Fuel Charge rates (the “Carbon Tax”), rather than Provincial carbon taxation rates, were applied to all fuels sold in the province of Newfoundland and Labrador.¹⁷ The table below summarizes the changes to taxation applicable to the Board’s maximum pricing during 2024-25:

Table 5
Summary of Changes to Carbon Taxation
Applicable to Regulated Petroleum Products (cents per litre)

Fuel Product	Federal Fuel Charge Rate Effective April 1, 2023 to March 31, 2024 ¹⁸	Federal Fuel Charge Rate Effective April 1, 2024 to March 31, 2025
Gasoline	14.31	17.61
Diesel	17.38	21.39
Furnace Oil / Stove Oil	17.38	N/A
Propane	10.06	12.38

On March 15, 2025, the Government of Canada announced that it is setting federal fuel charge rates to zero effective April 1, 2025, and is also removing requirements for provinces and territories to have a consumer-facing carbon price as of that date.¹⁹

The provincial fuel tax rates for gasoline and diesel motor fuels introduced on June 2, 2022 were extended to March 31, 2026.

Carbon Price Adjustment Updates

On June 23, 2023 the **Petroleum Products Regulations** in Newfoundland and Labrador were amended to require that the Board include a Carbon Price Adjustment in maximum prices for motor fuels and heating fuels to mitigate the costs incurred for wholesalers and retailers associated with the federal Clean Fuel Regulations.²⁰ Unlike the Federal fuel charge which is applied as a tax, the Carbon

¹⁷ Department of Finance Bulletin No. RAA-CARBON-004 provides additional information in relation to the tax changes implemented.

¹⁸ Effective November 9, 2023 the Government of Canada announced a pause of the Federal Fuel Charge on deliveries of heating oil in all provinces and territories where it applied.

¹⁹ <https://www.canada.ca/en/department-finance/news/2025/03/removing-the-consumer-carbon-price-effective-april-1-2025.html>

²⁰ Pursuant to the federal Clean Fuel Regulations, the Government of Canada directed carbon intensity reduction requirements in respect to gasoline and diesel motor fuels produced or imported into Canada effective July 1, 2023. The carbon intensity reduction requirements do not apply to heating fuels.

Price adjustment is included in the published maximum fuel price adjustments. However, the Carbon Price Adjustment requirements does not apply to heating fuels.

No changes to the Carbon Price Adjustments for gasoline and diesel were implemented by the Board in 2024-25 on the Island portion of the province. In Labrador pricing zones 10, 11, 11a, 11b, 12 and 14 the Carbon Price Adjustment for gasoline was increased from 3.74 cents per litre to 5.40 cents per litre effective June 27, 2024 following the spring resupply of product to the region, aligning with the Island and Western Labrador.

Petroleum Products Pricing Review

On June 7, 2022 the Minister of Digital Government and Service NL (now Government Modernization and Service Delivery) directed the Board, pursuant to subsection 8.1(3) of the **Petroleum Products Act**, to review the following matters:

- i) the suitability of the pricing mechanism for benchmark prices; and
- ii) the maximum mark-up between the wholesale price to the retailer and the retail price to the consumer for all regulated fuels (both of which comprise the total allowed mark-up).

The Minister also directed, pursuant to subsection 8.1(5) of the **Petroleum Products Act**, that the Board hold a hearing as part of the review to enable direct public input from residents throughout Newfoundland and Labrador, through in-person, written and electronic correspondence.

The Petroleum Products Review was completed in 2024-25. On June 6, 2024 the Board issued a consultation document for industry and public input on the Island portion of the Province. The consultation document outlined potential changes to benchmarking, mark-ups and zone differentials, and other pricing matters within the Board's authority. On October 1, 2024 a similar consultation document was issued with respect to petroleum products pricing in Labrador.

Following consultation with industry, consumers and community groups, the Board submitted a final report to Government on January 27, 2025 which outlined in detail the changes to petroleum products pricing to be implemented on the Island, including the Board's rationale and implementation plan for those changes. Changes flowing from the Petroleum Products Pricing Review for the Island were phased-in from February 6, 2025 to March 21, 2025.

On March 13, 2025, following a similar consultation process, the Board submitted a final report to Government outlining the changes to petroleum products pricing for Labrador. The phase-in of changes flowing from the Petroleum Products Pricing Review for Labrador commenced on March 21, 2025 and will be completed in April 2025.

The final reports also identified two matters that Government may wish to consider, including whether there should be changes to the Petroleum Products Regulations to give the Board additional discretion in the calculation of maximum prices and whether there should be changes to allow for market-based pricing for mid-grade and premium gasoline motor fuels.

More information on the specific changes implemented on the Island and in Labrador can be found [here](#).²¹

Report on Performance

The Board has completed its second year of the 2023-26 activity planning cycle. The Board's current communications exhibit formality, technicality, and a strong focus on text-based information, creating barriers to public engagement. Incorporating 'decisions in brief' on major orders has already allowed better understanding of information by narrowing down topics on Board decisions so they can be interpreted/summarized more clearly for the general public and media.

The Board still remains committed to regulatory responsiveness. The Board has continued to build upon previously identified priority action areas to further strengthen its efficiency initiatives. While the Board manages its regulatory processes, the Board's work is responsive in nature and circumstances beyond the Board's control can significantly impact the Board's regulatory calendar and work.

Internal capacity continued to be a focus during the reporting period with Commissioners and staff participating in education and training opportunities enhancing their skills to effectively manage the ongoing complexity of regulatory filings. The Board is in the process of hiring additional employees to deal with retirements of long-serving regulatory staff. As well, the Board is engaged in strategic preparation in terms of succession planning as some Commissioners are nearing retirement. Effective succession planning is critical given the important role of the Board in the Province.

The Board will enhance its information management capacity during the next reporting period by engaging an external firm to more effectively use the Board's records management system (Content Manager). This includes leveraging Microsoft tools for productivity (Copilot), process automation, records collaboration, data migration and integration, system analytics, and enterprise-wide search and insights to boost efficiency, compliance, and decision-making.

²¹ <http://www.pub.nl.ca/PP/ApplicationsProceedings/2022PetroleumPricingReview/reports.php>

ISSUE:	Enhanced Communications and Public Transparency
Objective	By March 31, 2025 the Board will have determined its Communications Strategy and Plan approach
Indicator	Implement new PUB brand and focus on key messages to enhance the public understanding of the Board mandate.
<p>The Board has a new logo aligning with what the public already identifies as “Public Utilities Board or “The PUB”. The new logo will contribute to differentiating itself when the Board releases documents. The public will have an immediate recognition of its logo and connection to the PUB positioning the Board as a neutral, objective authority through consistent, accurate information dissemination and media engagement.</p> <p>The Board will continue to prioritize plain language in all external communications, incorporating visuals and multimedia tools to enhance engagement and accessibility.</p>	
Indicator	Optimize Underutilized Channels.
<p>The Board has formulated a strategic plan aimed at enhancing its social media presence, coupled with proactive media relations initiatives designed to effectively engage key stakeholders who are already active in relevant platforms, thereby elevating public awareness of the Board’s mandate.</p>	
Indicator	Expand the use of infographics and visual content.
<p>The Board's website has been enhanced with improved visuals to facilitate stakeholders in accessing information regarding all its mandates more efficiently. Additionally, the Board intends to produce a series of animated videos, each lasting between 60 to 90 seconds, aimed at simplifying complex information related to frequently asked questions about the Board and its mandates.</p>	

ISSUE:	Enhanced Communications and Public Transparency
Objective	By March 31, 2026 the Board will have implemented the key components of its Communications Strategy and Plan
Indicator	The Board will have clear, accessible messaging that speaks to the public and stakeholders- demystifying the PUB’s regulatory role.
Indicator	The Board will have unified messaging across all its communication channels to build brand recognition and public trust.
Indicator	The Board developed a communication toolkit that supported both immediate outreach and long-term educational goals.

Opportunities and Challenges Ahead

The Board expects this next year to be demanding with a number of major filings including the Hydro's 2025 Build Application and potentially Hydro's General Rate Application. Implementing customer rates resulting from Newfoundland Power's 2025-26 General Rate Application has the potential for material customer rate impacts and the Board will continue its efforts to provide customer rate stability. Many of these proceedings will be lengthy and complex and are expected to attract significant public interest considering the potential impact on reliability, available supply and future electricity prices. The Board will also be monitoring the efforts of the utilities in protecting critical infrastructure and customer reliability through additional reporting on cybersecurity measures and performance.

As part of the Petroleum Products Pricing Review, the Board committed for more frequent reviews of mark-ups and zone differentials to be reviewed annually, beginning in 2026, to provide for the orderly implementation of changes necessary to reasonably reflect the cost of supply. More frequent, less complex, reviews better capture changing industry costs and would tend to result in more regular and less volatile fuel price changes. As such, the Board will develop data collection and analysis procedures for the purpose of assessing mark-ups and zone differentials on an annual basis.

With respect to the Board's automobile insurance work, the Board will continue to regularly review its filing guidelines and profit provision benchmarks to seek improvements and ensure its processes continue to be in accordance with best practices. The Board is also reviewing its compliance audit program to ensure it remains practical, yet effective, in light of ongoing market changes and innovations which have increased the complexity of the automobile insurance product (e.g. new rating factors and increased risk segmentation).

The Board continues to work diligently with its consulting actuaries and industry stakeholders to ensure automobile insurance rates remain reasonable in the province. New influencing factors such as high inflation levels and potential trade traffics have now emerged to create new challenges for the Board in the rate setting process. The Board will continue to monitor developing industry trends and economic influences in fulfilling its responsibilities.

Contact Information:

Jo-Anne Galarneau
Executive Director and Board Secretary
Prince Charles Building, 120 Torbay Road
P. O. Box 21040, St. John's, Newfoundland and Labrador A1A 5B2

Toll Free: 866-782-0006
Email: board@pub.nl.ca

Website: www.pub.nl.ca

Appendix 1 – Financial Statements

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

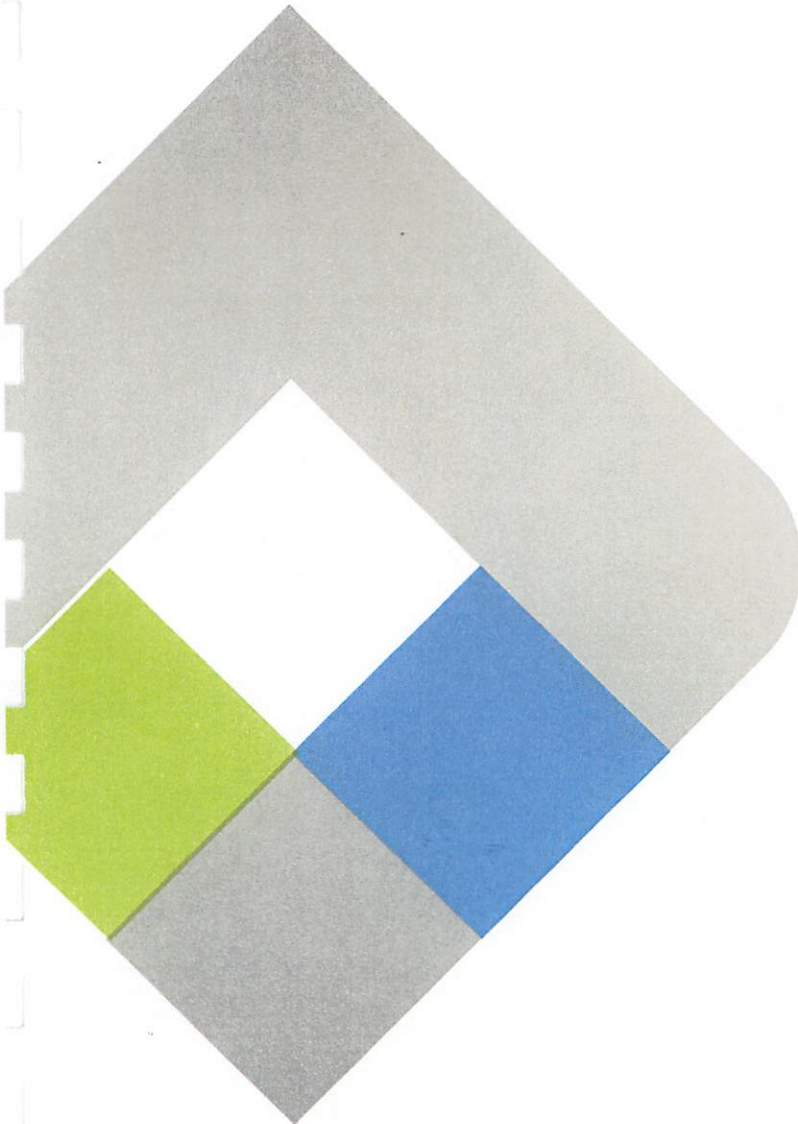
FINANCIAL STATEMENTS MARCH 31, 2025

NOSEWORTHY CHAPMAN

chartered professional accountants

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2025**



BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Index to Financial Statements
Year Ended March 31, 2025

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MANAGEMENT'S REPORT

Management's Responsibility for Board of Commissioners of Public Utilities Financial Statements

The accompanying financial statements are the responsibility of the management of Board of Commissioners of Public Utilities (the Board) and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada. Management is responsible for the integrity and objectivity of these statements, all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Chair and CEO, or in the absence of Chair, the Vice-Chair is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The internal financial statements are reviewed by management on a quarterly basis and external audited financial statements on an annual basis.

Noseworthy Chapman, as Board of Commissioners of Public Utilities appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Chair and appears on the following page. Their opinion is based upon examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of the Board of Commissioners of Public Utilities in accordance with Canadian public sector accounting standards.

On behalf of the Board of Commissioners of Public Utilities.



Chair



INDEPENDENT AUDITORS' REPORT

To the Chair of the Board of Commissioners of Public Utilities

Opinion

We have audited the financial statements of the Board of Commissioners of Public Utilities (the Board), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2025, and the results of its operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Chartered Professional Accountants
St. John's, NL
May 16, 2025

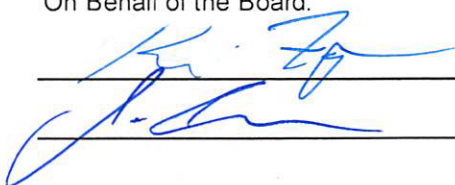
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position Year Ended March 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	\$ 2,390,290	\$ 2,388,928
Receivables (Note 4)	22,138	9,623
HST receivable (Note 5)	25,309	31,510
Recoverable costs (Note 6)	779,803	428,440
	3,217,540	2,858,501
LIABILITIES		
Payables and accruals	217,653	337,998
Government remittances payable	1,825	1,785
Payroll accruals	542,899	500,420
	762,377	840,203
NET FINANCIAL ASSETS	2,455,163	2,018,298
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	140,440	174,388
Prepaid expenses	13,223	1,644
	153,663	176,032
ACCUMULATED SURPLUS	\$ 2,608,826	\$ 2,194,330
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 140,440	\$ 174,388
Internally restricted (Note 9)	1,926,486	1,703,362
Unrestricted	541,900	316,580
	\$ 2,608,826	\$ 2,194,330

Commitments (Note 12)

On Behalf of the Board:



Chair

Executive Director

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2025

	Budget 2025 (Note 13) (Unaudited)	2025	2024
REVENUES			
Regulatory assessments	\$ 3,687,861	\$ 3,687,323	\$ 3,211,366
Interest and other income	83,285	76,803	105,093
	3,771,146	3,764,126	3,316,459
EXPENDITURES			
Amortization	-	50,645	51,253
Consulting fees	379,525	250,689	593,951
Office equipment, supplies, and services	179,820	153,468	149,301
Rent and insurance	344,693	335,862	329,949
Salaries and associated costs (Note 11)	2,709,216	2,457,042	2,273,633
Telecommunications	46,380	42,398	43,541
Training and membership	72,332	24,020	24,936
Travel	39,180	35,506	15,817
	3,771,146	3,349,630	3,482,381
Excess (deficiency) of revenues over expenditures	\$ -	\$ 414,496	\$ (165,922)

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets Year Ended March 31, 2025

	Budget 2025 (Note 13) (Unaudited)	2025	2024
Annual surplus (deficit)	\$ -	\$ 414,496	\$ (165,922)
Changes in tangible capital assets			
Acquisition of tangible capital assets		(16,697)	(182,997)
Amortization of tangible capital assets		50,645	51,253
	-	33,948	(131,744)
Change in other non-financial assets			
Net (increase) decrease of prepaid expenses		(11,579)	26,440
	-	(11,579)	26,440
Increase (Decrease) in net assets	-	436,865	(271,226)
Net financial assets, beginning of year	2,018,298	2,018,298	2,289,524
Net financial assets, end of year	\$ 2,018,298	\$ 2,455,163	\$ 2,018,298

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows Year Ended March 31, 2025

	2025	2024
Operating transactions		
Cash receipts from assessments and other revenues	\$ 3,757,812	\$ 3,301,383
Cash paid to suppliers and employees	(3,388,390)	(3,362,901)
Cash from (used in) operating transactions	369,422	(61,518)
Hearing and review transactions		
(Increase) decrease in recoverable costs	(351,363)	82,560
Cash (used in) from in hearing and review transactions	(351,363)	82,560
Capital transactions		
Purchase of tangible capital assets	(16,697)	(182,997)
Cash used in capital transactions	(16,697)	(182,997)
Increase (decrease) in cash during year	1,362	(161,955)
Cash position, beginning of year	2,388,928	2,550,883
Cash position, end of year	\$ 2,390,290	\$ 2,388,928

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2025

1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are just and reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of maximum fuel prices pursuant to the *Petroleum Products Act*; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are addressed by that statement.

Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The Board's carrying value of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

Cash

Cash includes cash in bank and balances with financial institutions, net of overdrafts.

Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are not accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenditures of the Board.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization and are amortized as follows:

Furniture and equipment	20%	declining balance method
Computer hardware	35%	declining balance method
Computer software	50%	declining balance method
Leasehold improvements		the lesser of five year straight-line or remaining term of the lease

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenditures in the statement of operations.

Prepaid expenses

Prepaid expenses include amounts paid in advance for memberships, insurance, and travel and are charged to expense over the periods expected to benefit from them.

Non-financial assets

Non-financial assets are not available for discharge to existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sales in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the change in net financial assets for the year.

Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Operating leases

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Board.

Employee future benefits

(i) Pension fund

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. Contributions of the Board to the plan are recorded as expenses in the year the contributions are made.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Expenditures

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Cost allocations to/from commonly controlled entities are recorded on a gross basis.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statement and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2025

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2025:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its floating interest rate bank credit agreement.

4. RECEIVABLES

	2025	2024
Revenues receivable	\$ 22,138	\$ 9,623

5. HST RECEIVABLE

	2025	2024
HST receivable from federal government	\$ 25,309	\$ 31,510

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2025

6. RECOVERABLE COSTS

	2025	2024
Recoverable costs, beginning of year	\$ 428,440	\$ 511,000
Add - specific enquiry costs incurred during the year:		
Consumer Advocate	699,887	459,777
Consulting fees	1,411,984	504,303
Legal	249,997	140,170
Advertising and notice	3,572	3,805
Transcription and printing	33,679	-
Other, net of write offs	(4,027)	533
	2,395,092	1,108,588
	2,823,532	1,619,588
Less - costs recovered during the year	(2,043,729)	(1,191,148)
Less - costs deemed non recoverable	-	-
Recoverable costs, end of year	\$ 779,803	\$ 428,440

See also Note 11.

7. BANK CREDIT AGREEMENT

The Board has established a \$1,000,000 line of credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%. As at March 31, 2025, the balance outstanding was \$Nil (2024 - \$Nil).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2025

8. TANGIBLE CAPITAL ASSETS

	2025			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 282,578	\$ 363,310	\$ 404,883	\$ 1,050,771
Additions	1,510	12,687	2,500	16,697
Disposals	-	-	-	-
Closing balance	284,088	375,997	407,383	1,067,468
Accumulated amortization				
Opening balance	263,542	340,274	272,567	876,383
Amortization	4,109	12,832	33,704	50,645
Disposals	-	-	-	-
Closing balance	267,651	353,106	306,271	927,028
Net book value	\$ 16,437	\$ 22,891	\$ 101,112	\$ 140,440

	2024			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 284,991	\$ 351,944	\$ 239,488	\$ 876,423
Additions	6,236	11,366	165,395	182,997
Disposals	8,649	-	-	8,649
Closing balance	282,578	363,310	404,883	1,050,771
Accumulated amortization				
Opening balance	267,432	326,859	239,488	833,779
Amortization	4,759	13,415	33,079	51,253
Disposals	8,649	-	-	8,649
Closing balance	263,542	340,274	272,567	876,383
Net book value	\$ 19,036	\$ 23,036	\$ 132,316	\$ 174,388

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2025

9. INTERNALLY RESTRICTED SURPLUS

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2025 are as follows:

	2025	2024
Redundancy pay contingency	\$ 1,264,732	\$ 1,074,838
Working capital	661,754	628,524
	\$ 1,926,486	\$ 1,703,362

10. INTER-ENTITY TRANSACTIONS

The Board incurs costs in relation to hearings held to deliver on its mandate which are recoverable from industry participants at cost. A portion of these costs are recoverable from Newfoundland and Labrador Hydro, an entity under common control.

	2025	2024
Beginning balance	\$ 74,897	\$ 236,273
Costs incurred	1,097,053	552,772
Costs recovered	(600,888)	(714,148)
Ending balance	\$ 571,062	\$ 74,897

The Board has also charged Newfoundland and Labrador Hydro assessment fees in the amount of \$982,415 (2024: \$917,798).

11. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Pension contributions deducted from Commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to Commissioners and employees when they retire. The Board's share of pension expense for the year in the amount of \$191,003 (2024 - \$178,007) is included in salaries and associated costs.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2025

12. COMMITMENTS

The Board leases premises under a long-term lease that expires on May 31, 2028. Under the lease, the Board is required to pay a base rent of \$25,718 plus HST per month for the period June 2023 to May 2025, \$26,790 plus HST per month for the period June 2025 to May 2027, and \$27,961 plus HST per month for the period June 2027 to May 2028. In addition, the Board must pay for its proportionate share of real estate tax and water tax for the leased premises. Future minimum lease payments as at year end are as follows:

2026	\$338,620
2027	\$340,764
2028	\$351,479
2029	\$58,937

13. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from estimates approved by the Lieutenant-Governor in Council and the Board.